Ayrshire College *(Paper 2)*

Finance Committee Meeting

7 June 2017

Subject:	Management Accounts as at March 2017
Purpose:	To provide details of the financial position against the budget for the eight months ended 31 March 2017
Recommendation:	Members note the contents of this paper and approve the Management Accounts as at March 2017

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1 Background

The Finance Team produce Management Accounts on a monthly schedule and presented to the Executive Management Team for approval. The monthly process involves discussions with a number of budget holders within the College.

The Management Accounts include the following financial statements:

- Income and Expenditure Accounts.
- Balance Sheet and associated detail as at the month end.
- Analysis of cash balances held at the month end.

2 Current Situation

The March 2017 Management Accounts are now summarised for the Committee, set against the updated budget for the year to 31 July 2017. The budget shows an operating surplus of £425,717 before £350,000 in exceptional items and £1,919,310 of net depreciation charges. The final budgeted result is a deficit of £(1,493,593).

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Income and Expenditure Account – Executive Summary Commentary

All +ve figures represent a favourable position

All (–ve) figures represent an adverse variance

Year to Date: Eight months to March 2017

	2016-17 Budget YTD	2016-17 Actual YTD	2016-17 Variance YTD
Total Income	£28,703,498	£30,006,604	£1,303,106
Total Expenditure	£28,105,661	£29,478,211	£(1,372,550)
Operating Surplus/ (Deficit)	**£597,837**	**£528,393**	**£(69,444)**
Exceptional Costs	£0	£0	£0
Operating Surplus/ (Deficit) after Exceptional Costs	**£597,837**	**£528,393**	**£(69,444)**
Net Depreciation	**£(1,165,971)**	**£(1,210,556)**	**£(44,585)**
Operating Results after Net Depreciation	**£(568,134)**	**£(682,164)**	**£(114,030)**

The actual year to date operating deficit in the first eight months is £(682,164). This is £(114,030) adverse against the expected budget position.

Principal Variances

The College has a number of variances, overall unfavourable, accounting for the movements against the expected budget at March 2017. In net terms, the most significant of these relates to property costs, including utility costs. The budgets for utility costs have been reviewed and based on current information will be increased for the AY 2017-18 budget.

Full Year Rolling Forecast to July 2017

	2016-17 Annual Budget	2016-17 Full Year Forecast	2016-17 Variance
Total Income	£44,392,659	£45,695,765	£1,303,105
Total Expenditure	£43,616,942	£44,989,492	£(1,372,550)
Operating Surplus/ (Deficit)	**£775,717**	**£706,273**	**£(69,445)**
Exceptional Costs	£350,000	£350,000	-
Operating Surplus/ (Deficit) after Exceptional Costs	**£425,717**	**£356,273**	**£(69,445)**
Net Depreciation	**£(1,919,310)**	**£(1,963,895)**	**£(44,585)**
Operating Results after Net Depreciation	**£(1,493,593)**	**£(1,607,623)**	**£(114,030)**

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3 Balance Sheet – Executive Summary Commentary

	2016-17 March 2017 (£'000s)	2015-16 July 2016 (£'000s)
Total Fixed Assets	£105,893	£57,030
Total Current Assets	£4,009	£3,982
Creditors, all < 1 Year	£(3,302)	£(2,581)
Provisions (Early Retirees)	£(1,822)	£(1,885)
Provisions (Other)	£(1,696)	£(1,696)
PFI Capital Creditor	£(8,411)	£(9,182)
NPD Capital Creditor	£(49,065)	£(0)
SPF Pension Liability	£(13,253)	£(13,253)
Deferred Capital Grants	£(11,876)	£(11,255)
Net Assets (Including Pension Liability)	**£20,477**	**£21,160**
Total Reserves Excluding Pension Reserve	£33,730	£34,413
Pension Reserves	£(13,253)	£(13,253)
Total Reserves	**£20,477**	**£21,160**

In summary terms, the College's balance sheet remains strong and, at 31 March 2017, we have £2.9m in cash balances inclusive of Student Support agency funds and restricted cash reserves.

4 Resource Implications

No further resource implications require to be noted in this paper.

5 Consultation

No formal consultation is required to be completed. However, the Management Accounts are discussed and approved by the Executive Management Team and financial monitoring meetings are held with Budget Holders.

6 Risks

The failure to ensure financial sustainability is a key risk noted in the College Risk Register. One of the existing controls in place to manage the risk is that monthly Management Accounts are reviewed by the Executive Management Team and summaries presented to the Finance Committee for approval at each meeting.

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7 Equality Impact Assessment

An impact assessment is not applicable to this paper given the subject matter.

8 Recommendation

Members note the contents of this paper and approve the Management Accounts as at March 2017

Michael Breen
Vice Principal, Finance and ICT
23 May 2017

[Alistair Gordon, Director of Finance & Student Funding]

Publication

This paper will be published on the College website.

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Ayrshire College *(Paper 4)*

Finance Committee

7 June 2017

Subject:	2017-18 Capital Expenditure Programme
Purpose:	To provide the Finance Committee with details of the capital expenditure programme approved by the Estates and New Campus Development Committee for the period April 2017 to March 2018
Recommendation:	The Finance Committee, in line with their terms of reference, approve the capital programme of £795,000 to be funded entirely by SFC capital grant

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1 Background

The College receives from SFC a separate capital/maintenance grant to fund capital expenditure as well as maintenance revenue expenditure. This grant is made in line with SFC's April to March financial year and not the College's August to July academic year.

The final capital/maintenance grant intimated by SFC for FY 2017-18 on 5 May 2017 is £1,545,324 with £795,000 of this proposed to be allocated to capital and the remainder to maintenance.

2 Current Situation

<u>Proposed capital programme</u>

The EMT is proposing a capital programme for FY 2017-18 as follows:

Proposal	**Cost**
Ayr Campus	
Phase 2 windows Dam Park	£190,000
Room reconfigurations/refresh	£100,000
LED Lighting replacement	£12,000
Health and Safety works Replacement fire escape and air conditioning unit	£13,000
FF&E Rolling Replacement	£70,000
Sub-Total	**£385,000**
Cross Campus	
Curriculum capex requests	£30,000
Sub-Total	**£415,000**
Kilwinning Campus	
Room reconfigurations + FF&E	£100,000

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New coffee shop	£30,000
ICT	£250,000
TOTAL	**£795,000**

Window Replacements

The windows in the Dam Park building are ill fitting, whistle when windy, are incapable of being safely opened and closed without leaning out of the window (often at height) and have broken down units.

Room reconfiguration/refresh

This is an annual process which optimises room layouts to the requirements of the curriculum, usually comprising redecoration, new carpeting and occasionally altering room sizes.

FF&E

FF&E replacement is a rolling replacement programme for all college FF&E.

Kilwinning Coffee Shop

It is proposed to create a coffee shop within the existing refectory in Kilwinning. This would create parity with both Ayr and Kilmarnock and would provide a welcome service to both staff and students not wishing to partake in a full refectory service. The investment would enable further opportunities to increase catering income.

3 Proposals

The Finance Committee is asked to approve the funding for the capital programmes as approved by the Estates and New Campus Development Committee.

4 Consultation

Consultation on the capital expenditure proposals contained within this paper have taken place with both service and curriculum staff and this paper has been approved by the EMT.

5 Resource Implications

The above proposals would result in SFC funded capital expenditure by March 2018 of £795,000.

6 Risks

A number of risks exist in relation to capital work programmes especially in older buildings. Cost and time overruns are key risks particularly given limited funding. In addition, any major capital works over the winter period will have to be carefully managed to ensure, for example, that they are not delayed beyond

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March 2018 due to adverse weather and that they do not impact on the student experience.

7 Equality Impact Assessment

At this stage an Equality Impact Assessment is not applicable but would be required before finalising any plans. Provision for disabled access will be considered at all stages during the planning process.

8 Conclusion

The Finance Committee, in line with their terms of reference, approve the capital programme of £795,000 to be funded entirely by SFC capital grant.

Donna Vallance
Vice Principal, College Estate and Facilities

Michael Breen
Vice Principal, Finance and ICT
26 May 2017

Publication

This paper will be published on the College website.

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Ayrshire College (*Paper 6)*

Finance Committee

7 June 2017

Subject: 2016-17 Student Support Funds Position at 20 April 2017

Purpose: To update the Finance Committee on the Student Support Funds position for AY 2016-17

Recommendation: The Finance Committee notes the contents of this paper.

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1. Current Situation

As noted at previous Committee meetings, the total 2016-17 SFC Support Funds (including ESF funding of £306,939) is **£10,671,230**. No 'In Year Distribution' request for additional funds was made by the College to SFC this year.

The following sections provide details as at 20 April 2017 of the available budgets, together with projections to July 2017.

1.1 SFC Funds provided for Bursary Support

Table 1

Student Support Fund	Budget	Projected Expenditure	Difference
SFC Bursary	£8,911,618	£8,494,416	£417,202
FE Childcare	£933,767	£592,942	£340,825
HE Childcare	£362,592	£330,668	£31,924
FE Discretionary	£463,253	£469,321	£(6,068)
Total	**£10,671,230**	**£9,887,347**	**£783,883**

The College is projecting an overall underspend on SFC funds of £783,883 or approx 7%. The Childcare underspends account for approxiately 48% of the total.

1.2 Educational Maintenance Allowance (EMA)

EMAs are provided by the Scottish Government to support eligible 16 to 18 year old students. The initial estimated expenditure for Ayrshire College on EMAs for 2016-17 was £700,000 based on previous experience, and since increased to **£790,000.**

The actual amounts paid/payable (currently estimated at £764,262) will be reimbursed in full by the Scottish Government. This area is not subject to financial risk as EMA expenditure has no budget cap. Eligible expenditure incurred is reimbursed to the College a month in arrears.

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1.3 SAAS Funds provided for Higher Education Discretionary support

The College is also allocated funding from the Student Awards Agency for Scotland (SAAS) for eligible students completing HE programmes. This budget is administered in line with SAAS guidance

Table 2 below details the HE Discretionary Fund Budget made available by SAAS for 2016-17 together with projected expenditure to July 2017.

Table 2

Student Support Fund	Budget	Projected Expenditure	Difference
HE Discretionary Additional Funding*	£135,072 £49,732	£167,212	£17,592
Total	**£184,804**	**£167,212**	**£17,592**

The College made an In Year Distribution request to SAAS in early January 2017 for £49,732. This was agreed in full by SAAS, giving the College flexibility to meet further applications from HE students.

2. Consultation

No formal consultation is required given the subject of this paper.

3. Risks

The disbursement of student support funds and financial monitoring arrangements are key areas of financial risk for the College. In addition, issues arising from the management of the student support funds can impact significantly on the reputation of the College.

4. Equality Impact Assessment

An impact assessment has been completed in respect of the 2016-17 Student Funding Policy and Procedures.

5. Conclusion

The Finance Committee notes the contents of this paper.

Michael Breen
Vice Principal, Finance and ICT
23 May 2017

[Alistair Gordon, Director of Finance and Student Funding]

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Publication

This paper will be published on the College website.

Ayrshire College *(Paper 7)*

Finance Committee

7 June 2017

Subject:	2017-18 Student Support Funds Allocation
Purpose:	To update the Finance Committee on the 2017-18 Student Support Fund allocations
Recommendation:	The Finance Committee note the contents of this paper

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1. Background

Ayrshire College receives three main funds to support students.

1. SFC funds for Bursary, Childcare and Discretionary support
2. Scottish Government Education Maintenance Allowance (EMA)
3. SAAS Funds for Higher Education Discretionary support

2. Current Situation

(1) SFC Funding provided for Bursary, Childcare and Discretionary support

The final funding allocations for AY 2017-18 were published on 5 May 2017 and Table 1 below details the allocations with a comparison to AY 2016-17.

Table 1

Student Support Fund	AY 2016/17 Initial Funding Allocations	AY 2017/18 Initial Funding Allocations	Difference
Bursary	£8,650,720	£8,371,237	£(279,483)
FE & HE Childcare	£1,250,318	£1,245,799	£(4,519)
FE Discretionary	£463,253	£448,286	£(14,967)
Total Core Funds	**£10,364,291**	**£10,065,322**	**£(298,969)**

Members will note that the key SFC funding changes compared to previous year are:

- Bursary funds – decrease of £(279,483) or (3.2%)
- FE and HE Childcare – decrease of £(4,519) or (0.4%)
- FE Discretionary – decrease of £(14,967) or (3.2%)

Tthe total reduction is £(298,969) or (2.9%). SFC have also mandated an increase of 1.5% in student bursary payment rates which is expected to cost approximately £100,000.

The overall effective reduction of c£400,000 should be viewed in the context of the forecast c£800,000 underspend of student support funding in 2016-17.

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In additon to the funding noted in Table 1 above, the College receives separate funding for the delivey of the 1,255 credits within the ESF project. The amount of £306,939 is unchanged from the 2016-17 allocation and covers bursary, childcare and discretionary elements.

(2) Educational Maintenance Allowance (EMA)

EMAs are provided by the Scottish Government to support eligible 16 to 18 year old students.

The initial estimated expenditure for Ayrshire College on EMAs for 2017-18 is **£800,000**, based on 2016-17 experience. The actual amount paid will be reimbursed in full by the Scottish Government.

(3) SAAS Funds provided for Higher Education Discretionary support

The College will also be allocated funding from the Student Awards Agency for Scotland (SAAS) for eligible students completing HE programmes.

The SAAS allocation is due to be announced in June 2017 and has not yet been received.

3. Consultation

No formal consultation is required given the subject of this paper.

4. Resource Implications

All resource implications are noted in Section 2.

5. Risks

The disbursement of Student Support Funds and Financial Monitoring Arrangements are key areas of Financial Risk for Ayrshire College. A number of existing controls are in place including regular reporting and detailed analysis.

6. Equality Impact Assessment

The Student Funding policy and procedure for 2017-18 will be agreed by EMT in June 2017, and will be subject to an EqIA as part of the approval process.

7. Recommendation

The Finance Committee note the contents of this paper.

Michael Breen
Vice Principal, Finance and ICT
24 May 2017

[Alistair Gordon, Director of Finance and Student Funding]

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Publication
This paper will be published on the College website.

Ayrshire College (*Paper 8)*

Finance Committee

7 June 2017

Subject: 2016-17 Credit report as at 24 May 2017

Purpose: To advise the Finance Committee of the current and projected 2016-17 credit position and provide an analysis and commentary on actual performance against the SFC activity target set.

Recommendation: The Finance Committee is invited to note the contents of this paper.

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1. Current Situation

Current Credit position at 24 May 2017 and projected position to July 2017

Table 1 below provides details on both the number of credits delivered to date and the planned activity projected to July 2017.

Table 1

Total SFC credit target	**125,507**
Current credit position	125,553
Semester 2 credits (projected to be delivered)	0
Community credits (projected to be delivered)	100
Work based credits (projected to be delivered)	98
Total current and projected credits	**125,751**
Difference	**244 or 0.19%**

Members will recall at the last meeting that the topic of "one-plus" activity was discussed and the SFC rules surrounding this. The College submitted a paper to SFC on 9 March 2017 on its "one plus" activity. This included a detailed analysis and rationale. No response to this paper has yet been received and SFC have advised informally that they will take a position when the overall national picture is known.

It is estimated that there could be 500 to 1,000 credits within the total above which are potentially at risk. Based on the average Ayrshire credit price of £244 and taking 500 credits as an example, this could equate to circa £120,000 should SFC apply a clawback.

2. Risks

In addition to a potential financial clawback, the failure to meet the SFC activity target also presents a reputational risk to the College and may affect future activity levels.

These risks are both included within the corporate risk register.

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3. **Equality Impact Assessment**

   Given the subject matter of this report, a formal impact assessment of this paper is not required.

4. **Conclusion**

   The Finance Committee is invited to note the contents of this paper.

Michael Breen
Vice Principal, Finance and ICT
25 May 2017

Publication

This paper will be published on the College website.

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